

Greg Dawson, Kevin Pham, Himanshu Ladole, Chris Ferrera

California State University Long Beach

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Professor Sang

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Executive Summary

Bed, Bath & Beyond is a company that has built its success on decentralized inventory systems, and has operated without up-to-date IT systems to name a few problems. Bed Bath & Beyond can revitalize its business by investing in IT systems to regain market share and attract loyal customers. This report analyzes what went wrong with Bed Bath & Beyond and what steps it can take to solve its problems.

IT Systems

Bed Bath & Beyond's market competitiveness has been hampered by limitations in its information technology (IT) infrastructure. These limitations have restricted the company's ability to optimize its product assortment and develop a deeper understanding of customer behavior. Additionally, the lack of a cohesive omnichannel strategy has negatively impacted its e-commerce performance, resulting in a significant loss of market share. Further compounding these challenges are inefficiencies within the inventory management systems across its North American stores, attributable to outdated IT infrastructure and a lack of modern service solutions.

Management

Management serves as a cornerstone of a company's infrastructure, yet Bed Bath & Beyond's management has been identified as a significant contributor to the company's decline, despite its established position in the industry. The leadership team, led by an inexperienced and overcompensated board, was unable to effectively steer turnaround efforts and address their operational challenges at both corporate and store levels. The lack of a robust capital allocation framework made it difficult for the company to adapt to evolving consumer preferences, while hesitancy in embracing e-commerce added to the difficulties in implementing an omnichannel experience. Furthermore, the absence of a clear long-term strategy resulted in underperforming acquisitions, escalating costs, diluting the brand's identity, and low morale without clear goals. The lack of employee training programs resulted in poor customer service and a loss of market share.

Solution

To effectively tackle the diverse set of challenges faced by Bed Bath & Beyond, a phased implementation of Management Information Systems (MIS) tools is proposed. Key among these tools is the integration of Geographical Information Systems (GIS) to optimize store locations and inventory by leveraging demographic analysis. Additionally, the adoption of a Customer Relationship Management (CRM) system will facilitate the extraction of vital insights into customer behavior patterns. This information will be instrumental in determining optimal initial markup for products and devising tailored digital marketing strategies that encompass email, social media advertisements, and influencer promotion. Furthermore, the CRM system will aid in enhancing in-store experiences through the implementation of vignettes and loyalty programs aimed at fostering customer retention. Implementing decision support systems (DSS) is crucial to improve operational efficiency across the company. These systems can empower management to create effective strategies through data-driven decisions on critical issues, such as launching new private-label brands or evaluating the potential impact of new capital allocation frameworks on business performance. An inventory management system (IMS), will enable continuous monitoring of stock levels, and demands of certain products with the ability to reorder those products as needed. These MIS tools will support an omnichannel approach by ensuring consistent and real-time data flows all across the shopping channels, improving the overall customer experience.

Timeline and Cost

An estimated timeline for the implementation of these services would be roughly over the course of 5 years to make a return on investment. A total cost estimate for full implementation translates to \$1 billion. These funds are of the utmost importance to ensure the success of Bed Bath and Beyond in the near and distant future.